

SECRETARY OF STATE  
**KEVIN SHELLEY**  
STATE OF CALIFORNIA



January 31, 2003

Gregory Schmidt  
Secretary of the Senate  
State Capitol  
Sacramento, CA 95814

E. Dotson Wilson  
Chief Clerk  
State Capitol  
Sacramento, CA 95814

Gentlemen:

This report is submitted pursuant to the provisions of Section 84602 (j) of the Online Disclosure Act as amended (Chapter 917, Statutes of 2001), which require the Secretary of State to provide the Legislature periodic updates on the status of California's online campaign and lobbying disclosure system.

I pledge to keep the Legislature fully informed of our progress. In the meantime, if you have any questions or suggestions, please do not hesitate to contact my office.

Sincerely,

  
KEVIN SHELLEY  
Secretary of State

cc: Legislative Counsel

Honorable John Longville (AB 696, 2001)  
Honorable Betty Karnette (SB 49, 1997)

EXECUTIVE 1500 11TH STREET • SACRAMENTO, CA 95814 • 916 653 7244 • [WWW.SS.CA.GOV](http://WWW.SS.CA.GOV)

PROGRAMS STATE ARCHIVES, BUSINESS PROGRAMS, ELECTIONS, INFORMATION TECHNOLOGY, GOLDEN STATE MUSEUM,  
MANAGEMENT SERVICES, SAFE AT HOME, DOMESTIC PARTNERS REGISTRY, NOTARY PUBLIC, POLITICAL REFORM



Secretary of State's Office

Online Campaign Disclosure  
Report to the Legislature  
January 2003

I am pleased to report that significant progress toward the development of a free online filing system for campaign finance and lobbying payment disclosure reports has been achieved by the Secretary of State's Office during the past year. I am confident that the system will be available to state candidates and campaign committees in time for the next election cycle, and that lobbying entities will be able to take advantage of it as early as this spring.

Since the Legislature first enacted the Online Filing Act in 1997, great strides have been made by my office in collecting electronically filed campaign finance and lobbying payment disclosure information and in presenting it to the public on my Cal-Access Web site ([www.ss.ca.gov](http://www.ss.ca.gov)). The site is very popular with the voters, the news media, and the political and lobbying communities, attracting more than 500,000 "hits" per year.

The electronically filed data posted on the Internet site discloses the sources and amounts of money raised and spent in state election campaigns, and the identities of lobbying organizations that seek to influence legislative and state administrative actions, the dollar amounts spent to achieve their objectives. The site also presents an electronic version of the "Directory of Lobbyists, Lobbying Firms and Lobbyist Employers" that is published biannually.

The original Online Disclosure Act (Chapter 866, Statutes of 1997) required campaign and lobbying filers to turn to outside private vendors certified by the Secretary of State to submit their periodic disclosure statements and reports. This procedure resulted in numerous complaints about high costs and inadequate service on the part of some vendors. In response, the Legislature enacted the 2001 amendments requiring the Secretary of State to develop a free online alternative method for submitting disclosure reports.

Early in 2002, the Secretary of State's Office adopted an aggressive strategy designed to roll out new free online filing forms before the end of the year. But lack of funds (the Legislature appropriated only \$600,000 for the project) and time proved too daunting. Instead of hastily producing a Web-based filing system that would prove unsatisfactory to filers, the office decided to focus on developing the infrastructure for a system that would have lasting utility and would meet our goal of being user-friendly and intuitive. That foundation has been established and we are now moving forward carefully to produce the first filing forms.

What will emerge in the days ahead will be a system—known as Cal Online—that will set a new standard for interactive Web applications. The filer—a campaign committee treasurer or a lobbyist employer, for example—sitting at his or her own computer will be able to access the system via the Internet, enter a secure identification number and password geared to specific filer characteristics, and then enter the required data.

While using the new system, filers will discover that they can easily review and modify the information they have provided, and security controls ensure that only approved users can modify their data. Filers also will be able to come and go as they please, entering data one day, editing it the next, adding more data later, and then submitting it by applicable deadlines.

Since paper copies of campaign and lobbying reports are still required by law, the Cal Online system has been programmed to permit the filer to generate parallel paper forms that are identical to the long-standing forms prescribed by the Fair Political Practices Commission. Of course, once this new system has been adequately tested and proven satisfactory to all filers, the duplicate paper-filing requirement will be eliminated.

The first online lobbying disclosure data entry application for lobbying firms (the familiar Form 625) is now in production as is the accompanying Form 615 individual lobbyist report. The Form 635 utilized by lobbyist employers will follow shortly. This means that when the first lobbying reporting deadline rolls around at the end of April, free online filing will be available to all lobbying entities that elect to use it. The free filing format will be available to candidates and campaign committees later this year.

Although I am disappointed that the complete free online filing package could not have been completed sooner, the lack of resources and the unrealistic development timetable first envisioned proved untenable. I am convinced that we are now moving on a more realistic development track, one that utilizes cutting-edge technology and, most importantly, one that will result in a carefully engineered system that will meet the expectations of both novice and expert filers.